

Georgetown City Council Budget Meeting
Wednesday May 17, 2011
5:30 pm

The Georgetown City Council Budget Meeting was called to order by Mayor Everett Varney with all members present.

Resolution # 11-005

An amendment to the agreement between the Kentucky Transportation Cabinet and the City of Georgetown, concerning the Broadway Streetscape Project, authorizing the Mayor to execute the same and all other necessary documents. A motion to accept resolution 11-005 was made by Councilman Prather and seconded by Councilman Tackett. The motion was unanimously approved.

Consideration of Mayor's proposed budget for fiscal year 2012

Finance Director Betty Pendergrass distributed the Revenue Worksheet through April. She explained to council that a column labeled "council adopted" has been added and left blank so that council can "fill in the blank". Councilman Lusby asked for Ms. Pendergrass to explain the break down of the worksheet. Ms. Pendergrass said she had broken the worksheet down totaling taxes, then fees, followed by charges for services such as streetlights and recycling. Intergovernmental fees are next, which includes grants and interlocal agreements with the county, followed by miscellaneous revenues. Transfers from sanitation and lastly, property sales, including the sale of property and items the city surpluses. Ms. Pendergrass said that H.B 44 allows property taxes to be raised 4 % and she has projected this increase for the budget. She went on to say real property and tangible property taxes must be separated and that the tangible tax could be increased by 4% too. Councilman Singer asked if property tax included new assessments. Ms Pendergrass said that new assessments are taken out to do the initial calculation. She added that this 4% projection is a conservative look at revenues. Ms. Pendergrass asked if council would like to make any changes in this section. No response was given.

License and permits includes regulatory fees which have been left the same as the previous year. Building and electrical permits have some added growth projected for the coming year. The revenue used for projected insurance license fees is the 2011 revenue with the \$750,000.00 subtracted for the decrease from 7% to 5%. The KU franchise fees are currently being researched because they look low to Ms. Pendergrass, but the other franchise fees look on par. Councilman Singer stated that building inspection revenues are not covering salaries. He asked if we should raise permit fees or cut positions. Ms Pendergrass said that she would ask Jim Burgess, Director of Building Inspection, to bring the current rate structure when he presents to council the needs of his departments. Ms Pendergrass also referred to the budget book which shows permits issued on an annual basis. Councilman Lusby said that building had not been this slow since 1994. Councilman Singer made a suggestion to privatize electrical inspection.

Fines and forfeitures include code enforcement collections as well as penalties on past due property taxes. Ms. Pendergrass is researching to see if reimbursements have been applied to this section of revenues.

Grant revenue estimates change for the police and fire departments as personnel costs change. The city is still responsible for a portion of the match on the grant for the North

Elkhorn BMP project. Currently Ms. Pendergrass is working on this reconciliation for this grant. The ASAP grant and other grants the city may receive during the coming fiscal year is based on an estimate. The Brownfield project is almost complete. This section is based on grants the city applies for and receives and is expenditure driven.

There are no changes in miscellaneous revenues and at the present there are no funds being transferred.

Councilman Lusby asked if there was any forecasted revenue for the landfill project. Ms. Pendergrass explained that landfill revenue is in the landfill fund and not in the general fund. She also said that 100% of the proceeds from that bond will need to go towards landfill maintenance which will cost \$ 200,000.00 a year. The E.P.A. requires the city to have funds available to cover post closure care. Currently we have \$1,300,000.00 and the state assumes the general fund will pick up the tab.

Councilman Singer asked if old and new property could be differentiated. Ms. Pendergrass said that the PVA can tell the difference. Councilman Singer then stated that the reason this meeting had been called was to see if council was interested in a payroll tax increase or the bone marrow budget. Councilman Singer says the city should not continue to put the burden on people that do not live in the city of Georgetown. As politically hard as it may be, he thinks property taxes should be increased. Councilman Singer also thinks that most of city's interlocal groups are not running very efficiently. He believes that the previous mayor and council quickly slashed personnel and this was a mistake. The police cannot cut anymore employees.

Councilman Lusby says he does not entirely disagree with Councilman Singer. The council did agree they needed to choose a direction. Councilman Lusby personally does not agree with a Payroll tax increase. He sees that we are in a very challenging situation. In the previous budget the insurance tax was at 7%. The council did not choose this direction for the 2012 fiscal year. Councilman Lusby believes there are other revenues that can be collected and that we should take a more conservative approach for this budget. He referred to the year garbage rates were increased and how this has helped to reimburse the city. Councilman Lusby also said that Toyota, Georgetown Community Hospital and Georgetown College have offered to help the city.

Councilman Prather asked if a poll of the council should be taken at this time. Councilman Penn said he could not vote either way because the council has not done their due diligence with respect to the budget. He feels the council should hear what all departments need before jumping to the bottom line. The council could work through the budget and see a need for revenue enhancement or not see a need. Councilman Thompson expressed concern about not hearing from all of the city departments. Ms. Pendergrass reiterated that she had left a column blank on the worksheet so that council could insert different numbers to see the affect to fund balance.

Councilman Singer would like to have a general idea of the revenues by selecting tax increase or bone marrow. He believes this will show council what they have to work with and make the process more clear. He referred to interlocal departments that have been asked to cut back but do not. Councilman Singer thinks human capital is important. He asks do we really need a new EMA vehicle and an HR/legal assistant. Councilman Singer would like to see if the city should bid our mowing.

Councilman McEuen feels the council started a process they should have finished. He realizes that he and Councilman Penn were absent when the decision was made to hold this meeting. He believes the council needs to give each department a chance to speak before any decisions are made. The meetings with each of the city departments were scheduled for a purpose. Mayor Varney stated that Councilmen Singer and Lusby suggested a change to this meeting to decide which budget the council was in favor of and there was not opposition. Mayor Varney said that he and the directors are here to serve the council as needed and which ever direction is chosen will be supported.

Comment cards from the public

Q. How is figuring income first logical?

Q. What do we do if voted down? When would the increase in property tax revenue be collected?

A. The PVA assess and the assessments go to Frankfort for approval and a vote would take place in November.

Q. When a factory cuts back they stop a line. When the city cuts back it stops some services. What are the priorities of this city? Is it public safety? Do the city employees have to keep taking the burden?

A. Councilman McEuen stated that police fire and garbage could not be cut and asked if council was interested in listening to remaining departments. Councilman Lusby said it is difficult to get eight people to make a decision. In past years the low property taxes were a benefit that council was proud to provide.

Q. How is this different from the past issue with trash? Cost vs. what was paid. How was this fixed?

A. Councilman Lusby stated that this was a very controversial issue. Mayor Varney explained that public works is going to each home 3 time each week. Garbage brush and white goods. This is an issue that needed to be addressed.

Q. Do you want to hear from the taxpayers? The budget is a balance sheet. You would not buy a home you could not afford. You should start with what you have

Q. What is the process you will follow? What is the basis of determining the needs of the city and prioritized wants? Should begin with a zero based budget and fund, based on needs, then wants.

A. Mayor Varney explained that when he was working on the budget he wanted to know what the departments needed. Ms. Pendergrass explained that if you start with a 0 base budget it is assumed that you have no government services.

Q. When are you going to allow open public comment on the budget? When are we going to hear from the 13,000 taxpayers?

A. Councilman Singer said that open public comments could be put on the next agenda. Ms. Pendergrass explained making comments through the city's G-ticket system.

Councilman McEuen stated that all of our city employees are employed in the city and the council has heard nothing from them about an increase in payroll tax. Ms. Pendergrass explained that since HB 44 was passed local governments have had to rely on the occupational tax. Councilman Lusby stated the property tax is low but the city could not make up a deficit with property taxes. When businesses are looking at communities the occupational tax is a priority. Councilman Lusby agreed that the council needs to hear from the employees so council will know what is needed.

Councilman Singer thinks that many long term changes can be made in this budget. His explanation for an increase in property taxes is these are the citizens that receive the services.

Councilman Penn stated the city could balance property taxes and the occupational tax but he does not believe citizens will vote to raise their taxes

Councilman McEuen stated that everyone living in the city or just working here uses the emergency services.

Q. When council did not vote to renew the insurance tax of \$750,000.00 did the members know where that money would come from to put in this years budget? Those funds could have been distributed throughout the departments. It was already imposed. Council cut the budget \$750,000.00! They did not vote for it

Q. Why can't both options be pursued? More revenues and more efficiency.

Mayor Varney stated that since the last census the population has almost doubled. He asks how the city can cut back on staff with more people to serve. His concern is for the city and it is the obligation of the council to take care of the citizens. He did not want to present an increase but it was necessary to look at the current situation and plan for the future.

Councilman Prather agrees that we should listen to other departments but should not assume that taxes will be raised or any cuts will be made.

- C. I do not think there is one person in this room who is not willing to give up a Big Mac a week to better our city.
- Q. A payroll tax increase affects every worker in the city. Those most able to afford it. A property tax increase affects every property owner in the city even if you are retired, on welfare, a single parent, elderly or anyone on a controlled fixed income.
- A. Councilman Penn said that this is why he voted against the Insurance Premium tax of 7%. Councilwoman Tackett stated that everyone has had to cut and that the city will have to work with what it has. Councilman Penn said the city is chartered to provide services. How much longer will we ignore the city's needs? Liability will increase as problems are ignored. Councilman Singer feels the Council must find sustainable revenue and that simply raising the occupational license fee may not help long term.
- C. As a citizen of Georgetown and a taxpayer I would be more than happy to pay \$4.00 more in taxes each week
- C. I am willing to give ½% to the city and that is not so that we can buy new equipment.
- A. Councilman Penn- Equipment is looked at as a gift but it is not. The city has to have equipment to do the work that is required.
- Q. How many names on a petition would it take to get the Council to see Georgetown is willing to invest in itself?

John Cooper explained why he thinks the occupational tax is important. He stated that it is a systemic issue. At the current time there are about 13,000 tax payers. When Georgetown crossed the 30,000 threshold under KRS the offset provision was reached. This means the county must offset what is paid to the city versus the county. Revenues were good at this time and the county was providing many services and was doing things with the interlocal agreements. Legislation was passed to stack the taxes which created a higher tax. The purpose was to provide balanced services as the city moved forward. If we had not stacked the taxes the county would have lost a significant amount of revenue. One of Mr. Coopers concerns is how sustainable are the separate fire departments the city and county currently operate. How sustainable are some of the entities that have been created? There is now a limited tax structure. The city must look at its systemic issues for the future. Georgetown is the only city that still stacks its taxes. The council needs to take a look at how services will be sustained in the future.

Councilman Singer cited a report from 10 years ago that said for every house that was

built in Georgetown the cost of the services extended to that house, as far as property taxes and insurance premium taxes, do not sustain the services provided. So when someone builds a house it is the hope that they work in Georgetown so that the occupational tax they pay can help sustain the services provided. Councilman Singer believes that this is how the city fell behind in previous years. There are now 7000 lots ready for homes to be built. If the city continues to grow and the areas we provide services to continue to spread without revenue how will the city be able to service these citizens.

Ms Pendergrass suggested putting a poll for citizens on the city website. It was suggested that this might not contain very accurate information due to people from other cities, counties or states taking the poll. Also many elderly citizens do not own computers.

A motion to adjourn was made by Councilman Penn and seconded by councilwoman Tackett. The motion was unanimously approved.

APPROVED BY:


Everette Varney, Mayor

ATTESTED BY:


Tracie Hoffman Chew, City Clerk/Treasurer